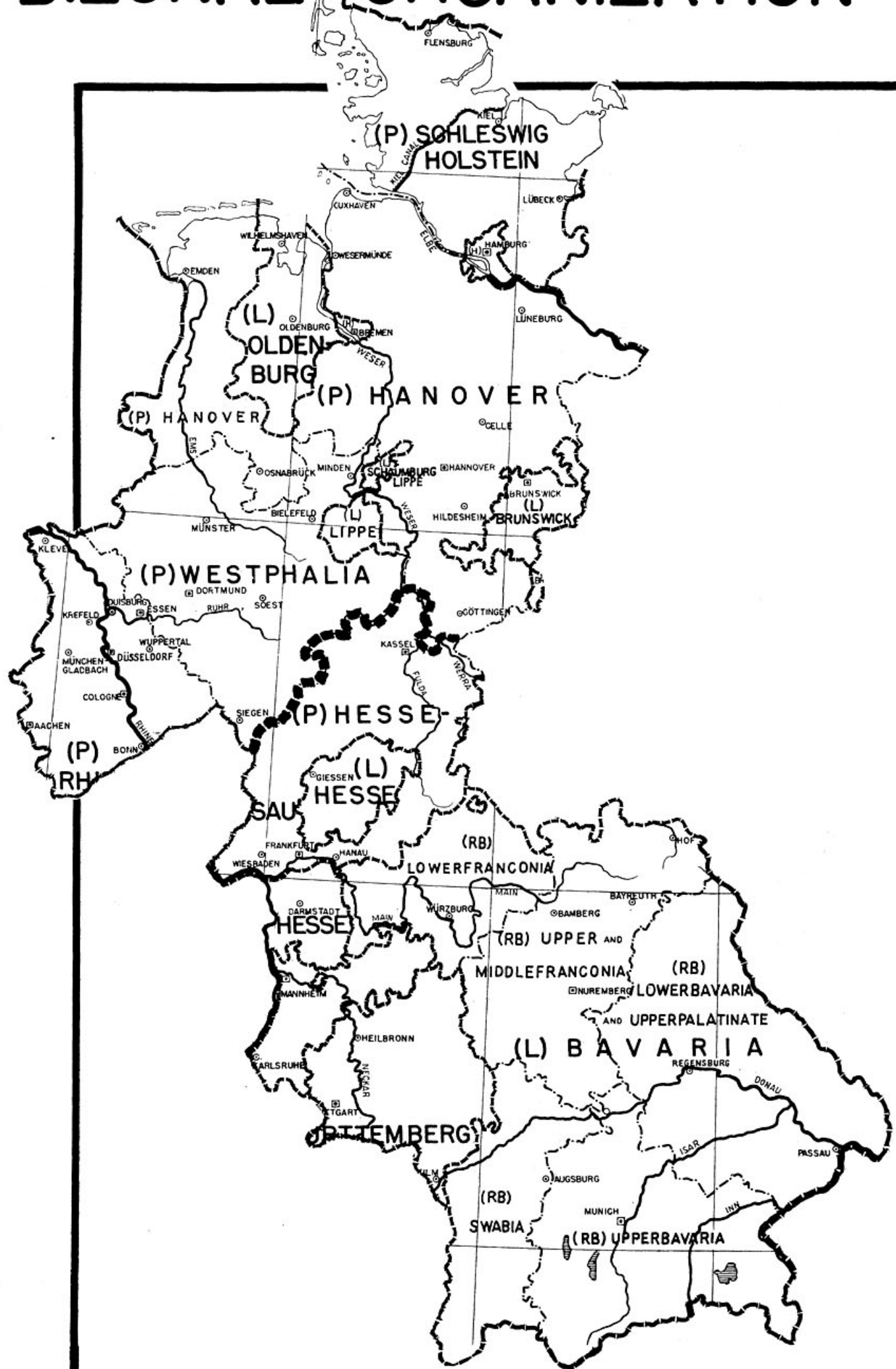


THE EVOLUTION OF  
BIZONAL ORGANIZATION



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## THE DEVELOPMENT OF THE BIZONAL ECONOMIC ORGANIZATION

The division of Germany into four zones of occupation split the vanquished country into independent and isolated economic units, and separated raw materials from processors, manufacturers from markets and farm regions from industrial areas. In spite of this formidable fact Western Germany has regained sufficient economic unity to make it a significant element in European Recovery. It has already entered into trade agreements with most of the European countries, including those belonging to the Soviet sphere of influence. It is scheduled to be included into the Marshall Plan. Similar to other Western European countries it is now at work preparing concrete plans for participating in this program. All this emphasizes the fact that Western Germany has an important contribution to make to the recovery of Europe.

This paper proposes to describe how this significant and almost surprising change came about and through what agencies Western Germany will make its contribution to the European Recovery Program.

### INITIAL POLICY ON CENTRAL AGENCIES

The restriction of economic unity to Western Germany was not envisaged by the US Government. Originally it was hoped to create central German agencies as the first step towards the economic and political unification of all Germany. The first pronouncement of US policy with respect to the character of the future German government was stated in the Directive of the Joint Chiefs of Staff in 1944, generally referred to as JCS/1067, and subsequently reaffirmed in the various amendments to this directive. The Directive clearly indicated the desire for at least the minimum requirements of centralized control of "(a) essential national public services such as railroads, communications and power, (b) finance and foreign affairs, and (c) production and distribution of essential commodities." At Potsdam on 2 August 1945 Great Britain, the USSR and the United States agreed upon the specific requirements for central control. "For the time being," the Potsdam Agreement asserted, "certain essential central administrative German departments, headed by State Secretaries, shall be established, particularly in the fields of finance, transport, communications, foreign trade and industry. Such departments will act under the direction of the Control Council."

During the months that following the signing of the Potsdam Agreement, US Military Government attempted repeatedly to bring forth proposals for the establishment of central German agencies as contemplated by that Agreement, but each such proposal was blocked in the Allied Control Council. In view of such opposition and in the face of an economic crisis, it became necessary to undertake measures for the greater coordination of activity in the fields envisaged by the central agencies. The first step in this direction was taken in the organization of the Laenderrat or Council of States at Stuttgart as an agency of the three Laender in the American Zone. Already a considerable measure of operating responsibility had been entrusted into the hands of the Ministers President of the three Laender and arrangements had been made for the series of elections in the various Laender which were to lay the basis for democratic and representative government culminating in the drafting and popular approval of the Laender constitutions. The decision, therefore, to create a Laenderrat or Council of States of the US Zone was consistent with the development of US policy and necessary in lieu of the stalemate in the Allied Control Authority over the implementation of the Potsdam Agreement. US policy still visualized the early establishment of central German administrative machinery as necessary to the treatment of Germany as an economic unit and as a prelude to the organization of a central German federal government. The establishment of the Laenderrat in no way prejudiced the organization of the central agencies,

but for the time being as an interim measure it was deemed necessary that the Laenderrat under the supervision of Military Government assume the function of central administrative machinery insofar as it applied to the American Zone of Occupation. The Laenderrat, of course, was really not a government but a council of existing governments. It had no real legislative body nor did it have the judicial or police power to enforce its agreements. It was, in fact, little more than a committee of the three Ministers President, who undertook each month to agree to common action in the fields which required it.

#### STEP ONE IN BIZONIA

By midsummer of 1946 it became quite clear that there was no prospect for solving the impasse in the Allied Control Council and that some internal solution would have to be found whereby the economic resources and organization of some if not all zones could be pooled. Eleven months after the Potsdam protocol Germany was more thoroughly split into independent and isolated economic units than it was when the protocol was signed. Such a situation obviously required immediate action. On 20 July 1946 General Joseph T. McNarney on behalf of the United States Government extended an invitation to the representatives of the Allied Governments at the 34th meeting of the Allied Control Council to take steps in the direction of establishing such an economic unity. "The US Government," said General McNarney, "has authorized its representatives on the Allied Control Council to join with the representatives of any other occupying power or powers in measures for the treatment of their respective zones as an economic unit, pending quadripartite agreement which would permit the application of the Potsdam decision to treat all of Germany as an economic unit so as to attempt a balanced economy throughout Germany." The only power which accepted the US invitation to treat more than one zone as an economic unit was Great Britain, which agreed to follow the American lead on 30 July 1946 when the bizonal organization was decided upon.

Subsequently on 9 August 1946 preliminary discussion followed between the Deputy Military Governors of the United States and the British Zones. At this meeting it was agreed the two Deputy Military Governors would constitute themselves as members of a Bipartite Board for subsequent meetings and under their authority would work out the details of organization necessary for the economic requirements of the two zones. The first principle to be adopted by the newly organized Bipartite Board was that the German authorities in both zones must be charged with the execution of Military Government policy subject to policy direction and supervision by the United States and British staffs. This did not in any way interfere with the political structure of either zone, which was left to the discretion of the respective Military Governors.

This drastic and ambitious program aimed at the establishment, as nearly as practicable, of a common standard of living and a common consumer ration in the two zones. To do this, it was agreed that the resources within both zones would be pooled and thus made available to all the Laender in the two zones according to their needs. Moreover, an import policy common to both zones was formulated and it was agreed that imports into either zone be limited to specified items and quantities required to supplement indigenous resources in order to realize the common standard of living which had been fixed.

Responsible to the Bipartite Board were the Bipartite Secretariat, six Bipartite Panels located in Berlin and serving as the senior policy-making agency, and six Bipartite Control Groups located in the Zone at the site of the corresponding German agencies and charged with supervising German execution of approved policies.

The German agencies in this new administration were the Executive/Joint Committees, each of which consisted of eight German representatives, one from each of the Laender in the two Zones. By 17 September 1946 agreements setting up these committees had been drafted and signed by the appropriate German authorities and approved by the Bipartite Board. The members of these committees, appointed by their Ministers President in the US Zone and by the British Military



Government in the British Zone, were the functional ministers who for the first time were now able to meet at regular intervals to discuss common bizonal problems and find their practical solutions. Each committee was charged with the development and implementation of approved policies but was obliged to depend upon the Laender for execution. The Executive Committee for Economics was established at Minden, the Executive Committee for Food and Agriculture first at Bad Kissingen and later at Stuttgart, the Executive Committee for Transport at Bielefeld, while the Executive Committee for Communications and the Joint Committees for Civil Service and Finance were set up at Frankfurt. Attached to each committee was a permanent staff. By way of example, the Executive Committee for Economics included Departments for (1) general economic matters and liaison with other agencies, (2) planning and statistics, (3) raw materials, (4) capital goods, (5) consumer goods and rationing, (6) public enterprises, (7) export and import, and (8) price control. The relationship between these Executive/Joint Committees and the Bipartite agencies is indicated on chart 1.

Both the French and the Soviet representatives to the Allied Control Authority were kept informed of the action taken in setting up this bizonal organization and they were assured that the governments of the United States and the United Kingdom were all times ready to receive the other two Zones into the organization or to resume discussion in the Allied Control Council for the immediate economic unification of Germany. No comment came from either the French or Soviet representatives, however, either by way of accepting this invitation or of protesting against the new Anglo-American agreement.

In the following months during which these agencies established their organization and undertook to initiate their program there were many questions which had to be resolved in terms of the immediate economic requirements. Far more important than the development of a perfect structure was the necessity of achieving in the shortest possible time the main objectives, namely, the pooling of the economic resources of the two zones and the transfer as soon as possible of more and more responsibility to German hands.

The decision made by the Commanders of the United States and British Zones to combine their Zones for economic purposes was formalized and complemented by an agreement of the respective Foreign Ministers. This agreement was reached on 2 December 1946 by US Secretary of State Byrnes and British Foreign Secretary Bevin. After restating basic principles underlining the establishment of economic coordination between the two Zones, the representatives of the two governments agreed to an economic fusion of the two Zones which they heralded as an important step in the direction of the economic unification of Germany as a whole. This agreement, which made the United States and the United Kingdom equal partners in treating the two Zones as a single area, initiated an economic program which was designed to make the two Zones self-sustaining within the coming three years. To administer the economic unification of the two Zones, the respective Military Commanders were charged with the setting up under their joint control the German administrative agencies necessary to this economic unification including a Joint Export/Import agency which was responsible for the development of foreign trade. Except for the establishment of the Joint Export/Import Agency, this agreement did not change the structure of the bizonal organization.

#### REASONS FOR REORGANIZATION

By the spring of 1947 it became quite apparent that a reorganization of these German agencies would be necessary in order to eliminate the weaknesses which had developed in the course of their operation. It would have been unreasonable to expect any substantial accomplishment from the bizonal agencies during the first several months of their existence. The lack of an executive arm to enforce the decisions of the committees and their consequent dependence upon the good will of the Laender for the execution of their functional program made this bizonal administration extremely weak. This was further accentuated by the lack of coordination between the committees, not only for want of a central controlling agency but also

1/ See appendix 1 for a copy of the Economics Agreement reached by the Germans and approved by Military Government.

because of the geographic dispersion of these various committee headquarters. Another source of weakness was the lack of popular representation in these committees which resulted in political antagonism and parliamentary hostility. At the same time, a lack of understanding of the competence of bizonal agencies which resulted in jurisdictional disputes between committees contributed much to the ineffectiveness and confusion of the operation. Moreover, the inability of the chairmen and their staffs to make proper administrative decisions whether it resulted from inexperience or incompetence was a fatal weakness that threatened the effectiveness of these agencies. In addition, the differences between the authority of the bizonal agencies in the British and US Zones, where in the former they were agents of the British Military Government, while in the latter they represented German governments created an unhealthy sense of helplessness. Finally, it became evident that provincial interest and sectional conflicts were to become increasingly accentuated and threatened the execution of bizonal decisions. It was obvious that the time had come when this bizonal structure would have to be revised in order to give popular underpinning to this economic structure and to guarantee more effective cooperation on the part of the various Laender in the execution of bizonal programs.

### STEP TWO IN BIZONIA

Finally, after considerable negotiation a major step was taken in the development of bizonal administration when the US and British Military Governors concluded an agreement on 29 May 1947 establishing a representative basis of and giving considerable additional powers to the bizonal organization.<sup>2/</sup> This agreement for the reorganization of bizonal economic agencies was announced to the German people by the US Military Government in Proclamation No. 5. It established two new agencies in addition to converting the existing committees into Bizonal Departments. An Economic Council was created and charged with the responsibility of directing the permissible economic reconstruction of the zone, subject to the approval of the Bipartite Board, with the responsibility of adopting and promulgating ordinances in the fields of economics, finance, transport, communications, food and agriculture and the civil service management of bizonal department personnel, as well as ordinances implementing regulations under specific existing regulations within these fields, all being subject to the approval of the Bipartite Board. The members of the Economic Council were to be selected by the Landtage of the various Laender on the basis of one for each 750,000 population on the basis of proportional representation but with the stipulation that each Land was to have at least one representative. The Council therefore had fifty-two members.

In addition to the Economic Council, an Executive Committee was created composed of one representative from each Land appointed by the Land government. The function of the Executive Committee was to propose and make recommendations on ordinances to be adopted by the Economic Council, to issue implementing regulations within the scope of the authority delegated to it by the Economic Council and to coordinate and supervise the execution of ordinances and implementing regulations by the Executive Directors.

Finally, Executive Directors were selected for the several bizonal departments which took the place of the Executive/Joint Committees. The Executive Director of each of these departments was selected from nominations by the Executive Committee and appointed and removed by the Economic Council. These directors operated under the immediate supervision of the Executive Committee but were responsible to the Economic Council for the entire operation of their department. The structure and relationships of these agencies is indicated on chart 2.

This Proclamation provided that ordinances issued by the Economic Council must not be inconsistent with Control Council legislation and must be approved by the Bipartite Board. However, within these limitations such ordinances were superior to any other German enactment and binding upon all the Laender. Thus, for the first time the bizonal agencies could adopt and promulgate laws which were directly effective upon the population of the two zones.

<sup>2/</sup> See appendix 2 for this Agreement.

This, then, was the agreement culminating negotiations and decisions which had been taken over a period of half a year in the attempt to increase the economic resources and raise the standard of living in the two zones of occupation. There was still hope that this bold measure would be sufficient to persuade the other two Allied Governments to agree to implement the Potsdam Agreement, and thus set in motion the machinery for the economic unification of all of Germany.

The 29 May Agreement substantially altered Military Government machinery concerned with German agencies and relationship of Military Government to these agencies. The Agreement created a Bipartite Control Office consisting of a US element and a British element in each of which was set up an office of the chairman which included various service staffs, and several functional staffs (which later came to be called groups) whose responsibility was to advise the chairman of the Bipartite Control Office as well as the Executive Directors of the German Departments. Under a broad delegation of authority from the Bipartite Board, the Co-Chairmen of the Bipartite Control Office were authorized to guide and direct the economic activities of the bizonal administration. Only when disagreement arose between the two chairmen or when matters were beyond their scope of authority, were questions referred to the Bipartite Board for decision. The Bipartite Board continued to function as the final authority, but the Bipartite Control Office assumed greater responsibility for taking the necessary implementing action on quadripartite decisions in bipartite fields. The agreement also provided for the abolition of the Bipartite Panels in Berlin (which should be clearly distinguished from the functional panels in the Bipartite Control Office) but their members continued to serve as advisors to the Bipartite Board and to the OMGUS Directors. The Bipartite Control Groups which had supervised the function of the Executive/Joint Committees were absorbed in the functional staffs in the new Bipartite Control Office.

While the Economic Council resembled a Parliament (although its authority was limited to economic problems), the Executive Committee was intended to be a full-time Executive Agency of the Bizonal Organization with broad supervisory powers over the Directors of the Departments. Another deliberate distinction which was made between the Economic Council and the Executive Committee was that the members of the former would represent political party interest while each member of the latter would represent the government which had appointed him, thus protecting the State's rights and the principle of decentralization. Special stress was laid on the use of Land governments as regional organs of administration and the establishment of separate bizonal field offices in the Laender was not considered since the Land governments were the agents to carry out implementing legislation and the executive authority necessary to the program. The interest of the Laender was further protected by innumrating and limiting the legislative powers assigned to the Economic Council. Legislation promulgated by the Economic Council was in the nature of framework laws which outlined the objectives, policies and overall standards to be observed in the administration of the particular program, thus leaving to the Laender considerable discretion in the implementation of the laws. While the Land governments were obligated to carry out the Council's legislative program, they had at the same time the right to adopt the administration of bizonal laws to regional conditions within the limits permitted by such legislation. The reorganization of 29 May 1947 thus extended the responsibilities of German agencies and consolidated both German and Military Government administrations.

The total number of ordinances adopted by the Council to date has been "hardly more than a dozen". While this figure is disappointing, it must be remembered that the Economic Council did not become a "going concern" until July or August 1947. As a first piece of basic legislation the Transfer of Power Law provided for the transfer of functions and powers formerly held by the old Executive Joint Committees under the previous bizonal organization to the new Bizonal Executive Committee and the Executive Directors as established by the new bizonal organization. Most of the subsequent ordinances which have been adopted have concerned themselves with the solution of particularly pressing economic problems,



as, for example, the ordinances to help effect the control of farm deliveries through the public posting of delivery quotas, to insure the meat and potato supply for the current economic year, to take emergency measures in the field of electric power and long-distance gas supply. However, too often the Economic Council has been inclined to make wholesale grants of power to committees and Directors without placing limitations on these grants or including legislative standards for their guidance in administering the ordinances. One Economic Council ordinance had to be rejected outright by the Bipartite Board because it gave far-reaching and unrestricted decree-making powers to the Executive. In an effort to inform the Germans of what is meant by legislative standards and principles, the Bipartite Board issued a special statement on this subject for use by the German bizonal authorities. In a letter addressed to the Chairman of the Bipartite Control Office, the Bipartite Board stated:

"It seems evident to the Bipartite Board that the German bizonal authorities have not understood the requirement that ordinances passed by the Economic Council must state legislative standards and principles, and limitations on the power of the Executive Directors, so that the latter may not exercise arbitrary powers. You are therefore requested to forward the following explanation to the President of the Economic Council and to the Executive Committee and the Executive Directors.

a. The power to adopt ordinances (Gesetz) may not be delegated by the Economic Council to any other body or authority.

b. The Economic Council in the ordinance (Gesetz) must itself establish the policies, standards of legal obligation, and limitations within the scope of which the law must be executed. It must not, by failure to enact such standards, attempt to transfer that function to others.

c. Adequacy of the ordinances may be tested by the following question -- Has the Economic Council laid down a policy and established standards by ordinance (Gesetz) and left to administrative agencies only the making of subordinate rules within prescribed limits, and the determination of facts to which the policy as declared by the Economic Council is to apply?"

#### SHORTCOMINGS OF BIZONAL ORGANIZATION

One serious difficulty in bizonal administration was the ill-defined role of the Executive Committee as the guarantor of states rights in bizonal operations by means of participating in legislation and by supervising the operations of the departments. Although the Executive Committee was originally established to provide states rights representation in the bizonal organization, as time went on the members of the Executive Committee ceased to think of themselves exclusively as representatives of their own Land and more and more acted as experts in the execution of their responsibilities. Unfortunately, the Economic Council did not take advantage of this trend, but attempted rather to circumvent the Executive Committee, disregarding its own rules of procedure in this regard. The urgency of most legislation may explain in part this attitude of the Economic Council in by-passing the Executive Committee which resulted in the Council's depriving itself of valuable assistance and advice which would have made the operation of the bizonal program in the Laender more satisfactory.

Another weakness was the political conflict between the Council and the Committee. When the Economic Council convened for its first session to elect its officers in July 1947, no single party had a clear majority. The Christian Democratic Union and the Social Democratic Party had almost an equal number of votes. By virtue of a coalition between the CDU and the conservative minor parties, the CDU was able to exploit a dangerously narrow margin of control in

the Council. On the other hand, the Executive Committee which was selected by the Laender and which was to represent their interest in the legislative process as well as to serve as a collective executive body over the actual bizonal administration was controlled by the Social Democratic Party.

The control of these two bodies by separate parties resulted not only in political antagonisms which further accentuated the problem of mutual cooperation but also provoked conflicts with respect to the supervision and control of the Department Directors, who it must be remembered, were appointed by and accountable to the Economic Council but worked under the immediate direction of the Executive Committee. The lack of an arbiter to settle the enumerable conflicts between the several agencies on the one hand and between the agencies and the Laender on the other was still more serious a problem.

The size of the Council was another serious handicap resulting in a heavy load upon all of its members to take care of a deluge of legislative details. Though normally the Council as such met infrequently, the various committees of the Council, whose total membership almost equaled that of the Council itself, met almost continuously in a vain attempt to get the legislative machinery in action. Moreover, the size of the Council did not allow for an adequate representation of political elements. It should be remembered that one of the purposes of the 29 May Reorganization was to provide popular representation in the making of decisions affecting the bizonal economy. However, the ratio of one representative for each 750,000 population was inadequate for effective popular representation. Moreover, members of the Council lacked an understanding of their legislative limitations and had little knowledge of the basic principles of legislative standards. With few exceptions the legislative and administrative caliber of the members of the Council and of the Committee fell far short of expectations and their knowledge of the technical and practical problem involved was conspicuously meager. But unfortunate as inexperience and incompetence were, the passion for party politics also contributed to ensure the inadequacy of bizonal administration.

During the period of this Bizonal Organization, namely from 29 May 1947 to 9 February 1948, the weakness of this administration became all too apparent. Difficult as it was to secure the necessary and proper legislation, it became increasingly more difficult to secure the proper support of the Laender in carrying out the provisions of these laws. Sectional conflicts came to be expressed in such bold relief as to be tantamount to defiance on the part of the Laender in several instances. All the Laender complained, procrastinated, and altogether too frequently attacked the authority of the Bizonal Organization. They even went so far as to refuse to share industrial and agricultural resources. Between this selfishness of the Laender and the urgent need of central administration, there was no arbiter. It became clear that the time had come for a change in the structure of Bizonal Administration to meet this crisis. Proclamations No. 7 and No. 8, which came into force on 9 February 1948, tried to give an answer to this problem within the limits of economic administration which, it should be pointed out, cannot and is not supposed to perform the functions of a popularly elected central government.



**STEP THREE IN BIZONIA - THE PRESENT STRUCTURE**

In several respects Proclamation No. 7 which establishes the new bizonal administration, Proclamation No. 8 which sets up a Bizonal High Court and Law No. 60 which creates a Bank Deutscher Laender, mark an entirely new phase of bizonal development. (See Chart 3) First of all, they were issued after thorough discussion with the Germans. On 7 January 1948 Generals Clay and Robertson met with the Ministers President of the eight Laender of the two Zones, the President and Vice President of the Economic Council, and the Chairman and Vice Chairman of the Executive Committee, and outlined their plans for the reorganization. On the following day they listened to German suggestions and counter-proposals. Military Government and German committees were formed to further discuss the drafts of this new legislation. On 26 January, the main German committee met again with representatives of the Bipartite Board on 28 January for a thorough discussion of the Proclamation. On most of the points raised, the German representatives did not agree among themselves. A noticeable cleavage developed between party affiliation on the one hand and the influence of present office on the other. Some Ministers President did not take as federalistic an attitude as could have been expected, because as members of the SPD they subscribed to some extent to the centralistic program of this party. Some of the representatives on the Economic Council, which in its limits is a central authority, favored the more federalistic line of the CDU to which they belong. Consequently, there was disagreement not only between the spokesmen for the Laender and for the Economic Council, but also within each group, so that Military Government had to weigh the arguments rather than to face unanimous German proposals. As a result, each of the different schools of thought can find something wrong with the new organization, and put the blame on Military Government.

After careful consideration of all the German suggestions, the members of the Bipartite Board issued what for the American Zone became Proclamation No. 7, on the Economic Council (Appendix 3) and Proclamation No. 8 on the High Court (Appendix 5) and for the British Zone became Ordinances Nos. 126 and 127. They came into force on 9 February; the law on the Bank came into force on 1 March.

The second significant development of the reorganization is the creation of a more comprehensive economic structure than existed before. The economic, administrative, judicial and legislative aspects of the new bizonal setup have to be seen as a whole. Economic Council, Laenderrat, Executive Committee, Court and Bank on the German side, the reorganized Joint Export-Import Agency and streamlined and integrated Bipartite Administration on the Military Government side are all geared into the purpose of strengthening the peaceful productivity of Western Germany within the limits of international controls and restrictions and to leave to the Germans as much responsibility as is possible.

Features of the Court, the Bank and Joint Export-Import Agency will be described later in this paper. They are as essential as the structural changes described here. Of these, the most important is the creation of a Laenderrat. It is a body representing the several Laender governments. While the Proclamation does not prescribe who should represent these governments and how, except for requiring two delegates for each Land, all the Laender appointed their Ministers President and seven of them one other member of their cabinets. Thereby the character of the Laenderrat is already clearly defined. For the first time, the Ministers President of the eight Laender in the US and UK Zones have an official meeting ground. While the function of the Laenderrat is the limited one of participating in the economic legislation of the Bizonal Administration, its potentialities are more far reaching. Within the reorganization, the Laenderrat is meant to provide the means by which Economic Council legislation is coordinated with the Laender, so that its later execution in the Laender will not be hindered. Under the Proclamation, the Laenderrat may initiate legislation on any matter within the competence of the Economic Council, except for taxation and the appropriation of funds. The Economic Council must submit bills which it adopted to the

Laenderrat which then approves, amends or vetoes them. However, the Economic Council can reject amendments by a simple majority and a veto by an absolute majority. The Laenderrat must confirm the chairman of the Executive Committee who is elected by the Economic Council. Finally, the Laenderrat is free to participate in all stages of legislation, and to inform itself on matters of administration, by calling on the chairman and members of the Executive Committee for oral or written reports. Beyond these official functions, the Laenderrat will provide regular meetings of the Ministers President which may well lead to closer cooperation among the Laender of the two Zones in fields not within the competence of the Economic Council. By regularly watching the activities of the Bizonal Economic Administration, the Ministers President from the individual Laender should be able not only to plan and influence legislation but also to guide their respective Land governments into a more cooperative attitude towards the Economic Council.

The Executive Committee, though continuing a name already used for an organ of the previous Bizonal Administration, is an entirely new body. It consists of the Directors of the functional divisions which perform the actual administration of bizonal affairs. As provided for in the Potsdam Agreement, they comprise finance, transport, communications, economics and in addition food and agriculture which, as all the powers agreed, needs a central administration during the present emergency. These Directors work under a chairman without departmental responsibility who directs and coordinates their activities. Responsible to him, but not members of the Executive Committee, are the Heads of the following additional agencies: a Personnel Office which is expected to establish standards for the bizonal personnel and to break down the special privileges of government officials (Beamtenschaft) which are still so much in evidence in German bureaucracy; a Statistical Office to coordinate Laender statistics and to provide the necessary statistical basis for Economic Council legislation; and an Office of Legislative Counsel which will clear all proposed legislation for its legal and technical correctness, and also provide legal advice on administrative matters.

The chairman and the members of the Executive Committee are individually responsible to the Economic Council and the Laenderrat. The members can be removed from office by a vote of no confidence of the Economic Council, - the chairman only if the Laenderrat concurs in such a vote. In both cases, however, the approval of the Bipartite Board is necessary.

Under this relationship the Economic Council would be expected to be the main factor in the bizonal setup. In order to ease the burden of committee work which was too heavy for the 52 members of the previous Council, and also in order to give the people a greater degree of representation, the size of the Council has been increased to 104. By election each Landtag doubled its delegation both in number and in party composition. Each Land has at least two representatives. The number of representatives each Land has in the Council is shown below:

British Zone			
	Hamburg	4	
	Schleswig-Holstein	6	
	North Rhine-Westphalia	32	
	Lower Saxony	<u>16</u>	
Total for British Zone			58
US Zone			
	Bremen	2	
	Hesse	10	
	Wuerttemberg-Baden	10	
	Bavaria	<u>24</u>	
Total for US Zone			<u>46</u>
Total members Economic Council			104

The Economic Council retained all the powers it had under Proclamation No. 5, except for those functions now vested in the Bank. In the near future the whole field of labor, labor relations, wages and wage control will be added. It has acquired the power to legislate on its own finances and to provide funds to meet its obligations. Revenues derived from customs, excise taxes, postal services, railways, transportation tax, and from public corporations subject to its control, are its exclusive sources of income. If necessary it can also fix and claim a percentage of the sums derived from income, wage and corporation taxes, now collected by the Laender. Finally, the bizonal administration can borrow on the security of these revenues. Financial legislation, like all other legislation the Council enacts, is subject to Bipartite Board approval.

To do this, it had to be declared capable of having rights and obligations, and of suing and being sued. This declaration of its legal status will eliminate many difficulties which developed during the preceding stages. In addition, the Economic Council received the power to establish field reporting, inspecting and enforcing agencies. This power, however, can be exercised only if there is a particular need, and if the Bipartite Board specifically authorizes the necessary legislation. This power may not have to be exercised if, as it is hoped, the Laender will promptly execute the ordinances and implementing regulations of the Bizonal Administration. Under the Proclamation these ordinances precede any German legislation inconsistent with them, and are binding on all the Laender of the combined area and all persons therein.

According to the time schedule prescribed in Proclamation No. 7, the Economic Council, constituted itself within 15 days after the Proclamation came into force, reelected its chairman and vice chairman, established the appropriate committees, and temporarily adopted the rules of procedures of its predecessor as its own. Within another week it elected the chairman of the Executive Committee and the functional directors. Each of these will now appoint a deputy who must be a qualified civil servant. The Laenderrat likewise constituted itself, accepted the rotating chairmanship which had been established by the former Executive Committee, and under which each Land holds the chair for three months.

The party composition of the Economic Council is as follows:

(Christian Democrats (CDU & CSU)	44
(German Party (GP)	
Social Democrats (SPD)	40
Democrats (LDP, FDP, DVP)	8
Communist Party (KPD)	6
Centrists (Zentrumspartei)	4
Economic Reconstructionists (WAV)	2

The party composition of the Laenderrat is:

Christian Democrats	5
Social Democrats	9
Democrats	2

It is too early to judge the effect of this last reorganization. Much will depend on the willingness of the Economic Council, Laenderrat and Executive Committee, to cooperate and to transcend party lines in the performance of their day-by-day tasks. More will depend on the readiness of the Laender to execute legislation which their representatives in the Economic Council and Laenderrat enacted and passed; decisive will be the stature of the men and women who are called upon to form the organization and staff its administration.

#### BIPARTITE CONTROL OFFICE (BICO)

It will be recalled that the 29 May Agreement established the Bipartite Control Office at Frankfurt consisting of joint US and UK Chairmen each with their own functional groups. The Bipartite Control Office was to represent the Bipartite Board in the conduct of day to day administrative control and the groups working jointly were to observe and review the operation of their respective departments. By directive from the Bipartite Board to the joint Chairmen dated 29 June 1947 the independent responsibility of the joint Chairmen was considerably emphasized. They were directed to refer only basic policy questions to the Bipartite Board and to deal themselves with all matters which they found possible. The duties of the functional groups which originally were to "control" their respective departments were limited to advice, observation, reporting and liaison. The maximum responsibility and authority for the conduct of bizonal functions was delegated to the German Agencies.

The present BICO organization is a normal development from that originally established and it is needless to review its growth except to say that there has been a gradual transfer of authority from Berlin to Frankfurt; that is, from the OMGUS and British functional divisions to the Bipartite Control Office. Panels in the five functional fields had existed in Berlin for the review and supervision of German action. In the fall of 1947 these panels were finally dissolved and their functions transferred to the functional groups in Frankfurt.

The Bipartite Control Office as presently organized after the issuance of Proclamation No. 7 consists of the office of the Chairmen, functional groups in Commerce and Industry, Food and Agriculture, Communications, Transportation, Finance and Civil Service and a number of Manpower liaison employees not yet organized as a group because the German department in this field has not yet been formed.

In the office of the Chairmen the British and US staffs are separate since the Chairmen exercise a joint responsibility. Below this level all the groups are integrated. Commerce and Industry, Food and Agriculture, and Civil Service have a US chief and a British deputy while Communications, Transportation, and Finance have a British chief and a US deputy. Branches within the groups are headed by branch chiefs of one nationality or the other and the staffs are also equitably divided between the two nationalities. The work of the groups is integrated however, and the group reports as a unit and not as representatives of two different countries with two different policies. If there is a major difference of opinion between the group chief and his deputy along national lines it is referred to the BICO Chairmen for decision.

Functional groups in OMGUS within the BICO field were transferred to BICO (with a considerable decrease in number); individuals in these groups who remained in OMGUS were transferred to the offices of the Economics and Finance Advisers, whose functions are on a policy level as advisers to the Military Governor.

Note should also be made of the joint Coal Control Group located at Essen. This group is not integrated and occupies a different relationship to BICO from the other groups. In effect it serves as a Board of Directors of the Coal industry, the actual operations being left to the German operating organization,



the Deutscher Kohlen Bergbau Leitung (DKBL). So far as decisions concerning the production of coal are concerned the group is an independent entity but it reports to and through BICO and the BICO Chairmen are charged with determining its conformity to over-all economic policy and to assuring the conformance of the German coal industry to German laws and other appropriate governmental controls. In the field of coal production, however, the German organization is independent from control by the Economic Council or its agencies.

#### THE BIZONAL HIGH COURT

In the past the effectiveness of the Bizonal Economic Administration had been seriously hampered by the reluctance of the Laender governments to execute Bizonal legislation, which sometimes developed into open unwillingness to obey it at all. To be sure, pertinent legislation of the Economic Council provided penalties for the violation of important regulations in the field of control, allocation, and distribution of scarce materials or services. Though many violations occurred, their prosecution depended, to a large extent, on the willingness of the judicial authorities in the individual Laender to enforce such legislation. Also, the Laender courts were free to interpret it and make final decisions on it. Disputes arose between the Bizonal Administration and the Laender. Except for Military Government, there was no central authority to settle them or to answer with finality questions on their divergent interpretations or applications.

In order to facilitate uniformity of enforcement, application and interpretation, a German High Court for the combined economic area was established by Proclamation No. 8. (See Appendix A). Its seat will be at Cologne where previously British Military Government had planned to establish a High Court for the British Zone.

The new High Court consists of ten members including Chief Justice, a Deputy Chief Justice, and eight Associate Justices. It can determine the number of its divisions under its own rules.

The Military Governors (Bipartite Board) will appoint all the justices and also a Solicitor General whose office will be established at the High Court. ~~Inddangg~~so, they will consider a list of 25 names submitted jointly by the Economic Council and the Laenderrat. Persons so proposed have to be either professors of law at a university or qualified for the office of judge of the ordinary or administrative courts; they must have attained the age of 35 years.

The High Court has both original and appellate jurisdiction. It can hear and decide suits between the Bizonal Economic Administration and a Land, or between two or more Laender, which involve the application or interpretation of Bizonal legislation. It can also hear and decide suits in which the Bizonal Administration contends that Land legislation or regulations are inconsistent with Bizonal legislation, or that they exceed the competency of the Land because of the powers which Proclamation No. 7 vests in the Bizonal Administration.

The High Court can also hear and decide appeals on points of law from decisions of German courts which are no longer subject to any other appeal, if they involve the questions on which the High Court has original jurisdiction. It can also be appealed to if such decisions involve the application or interpretation of Military Government legislation which establishes financial or economic bizonal institutions.

Finally, if the validity of any implementing regulation issued under any Bizonal legislation becomes pertinent to the decision of any German court, and the court finds that such regulation is invalid, then it shall submit the question of validity to the High Court.



Decisions of the High Court on all these questions will be published in the Legal Gazette of the Bizonal Administration and will thereby become binding upon all other German courts and authorities.

Proclamation No. 7 which sets up the new Bizonal Administration permits the establishment of Bizonal courts of first instance if it appears expedient and if the Bipartite Board specifically authorizes it. Such courts will be subject to the appellate jurisdiction of the Bizonal High Court; they are limited to the jurisdiction of this Court; and they cannot affect its exclusive original jurisdiction.

It is not expected that such courts of first instance will be set up immediately. For the time being, the Bizonal High Court can contribute greatly to the settling of disputes between the Economic Administration and the Laender, and between the several Laender. Participation of the Laenderrat in Bizonal legislation should remove many objections of the Laender to the kind of Bizonal economic legislation which is necessitated by the present emergency. But, even if disputes arise, the existence of the High Court can substitute juridical processes for political bickering, and develop a set of precedents which should greatly strengthen the authority, as well as the effectiveness, of Bizonal legislation.

The validity of Military Government legislation cannot be challenged in German courts. Since all ordinances have to be approved by the Bipartite Board, the High Court cannot declare ordinances as invalid. But it is free to make such a decision on implementing regulations, whether issued by the Economic Administration or by the Land governments.

Except for this necessary limitation, the Bizonal High Court is so set up that it can develop into an independent instrument of German jurisdiction in a significant sector of German economic life.

**JOINT EXPORT-IMPORT AGENCY**

The Joint Export-Import Agency of Military Government was established at the end of 1946 as a means of developing a German economy which could be maintained without further financial assistance from the occupying governments.

Trade promotion by an Allied rather than by a German agency was determined partly by the current inability of German governmental authorities to deal in foreign exchange or to hold foreign assets free from blocking; under the war-time laws of the US and UK, as well as other countries, new German balances abroad would have been subject to blocking and also to legal suits for settlement of various foreign claims against Germany. Allied control of trade promotion was assumed also in order to maximize foreign exchange proceeds of German exports, and to procure the utmost imports for the available foreign exchange. In order to rehabilitate the productive capacity of Germany as rapidly as possible, the Governments of the US and UK provided an initial capital of \$89,000,000, which was to be used as a revolving fund to import raw materials essential for export production. Allied control was necessary to see that this fund was tapped only for essential materials and supplies, and that the fund would be rapidly built up by permitting export commitments to be undertaken only if the proceeds from sale abroad would be at least three times as great as the use of foreign exchange for imported raw materials.

The JEIA is managed by a US Director General and governed by a Board consisting of the Director General and his British Deputy, the financial advisers and the economic advisers to the two Military Governors. The Board of Directors meets at least monthly and is responsible to the Bipartite Board. As amended by the new charter of January 1948, the US members and UK members of the Board each vote as a unit, and the voting strength of each unit is in proportion to the appropriated funds made available by the respective governments. These funds include both the initial capital of JEIA and the amounts subsequently contributed by the governments under the Revised Fusion Agreement of 17 December 1947. Under these provisions the US element on the Board will have majority voting strength, but either the US or British Military Governor may suspend a JEIA Board decision or action pending review by the Bipartite Board.

The headquarters of JEIA which were originally established in Minden, are at present in Hoechst near Frankfurt. There are ten branch offices located in each of the eight Land capitals and one each in the US and UK Sectors of Berlin. JEIA is directly responsible to the Bipartite Board, and is independent of BICO. It does, however, consult with BICO in reviewing the export-import programs submitted by the German bizonal economics departments. This consultation assures proper integration of the export/import programs into the plans for the German domestic economy. Before describing the functions of JEIA in more detail, brief reference should be made to the Joint Foreign Exchange Agency, (JFEA). The JFEA was established at the same time as JEIA for the purpose of opening and operating bank accounts abroad, for collecting the proceeds of exports, for paying import charges, and to negotiate financial arrangements with representatives of foreign governments in connection with trade agreements. Under the January 1948 Charter of the JEIA, the previous JEIA (US-UK) and the JFEA were merged into a single organization responsible to a common Board of Governors. As a practical matter, however, the merger has not taken place because the Charter assured the independent operation of JFEA until such time as its functions are transferred to the Bank Deutscher Laender. Thus, the two agencies continue for the time being to be located in different cities. In view of this substantive separation, the following description refers only to the Foreign Trade Division of the new JEIA.

### Functions of JEIA

The operations of JEIA fall under three major organizational divisions:  
(a) market analysis and trade negotiations; (b) export-import operations; and  
(c) planning, control and accounting.

a. Market analysis and trade negotiations: Here foreign markets are analyzed in view of pre-war German trade statistics with foreign countries so as to gauge where present trade may be expanded. Trade barriers are also studied. This information is used in conferences with representatives of foreign governments to discuss new bilateral trade agreements. Trade listings and buyers guides have been compiled showing dealers in foreign countries and in Germany who are interested in particular commodities. Here also price information is compiled which seeks to indicate prevailing world prices as a guide to the other operating branches of JEIA in their review of specific contracts.

b. Export and import operations: The promotion of interest among German manufacturers in producing for export is largely decentralized among the JEIA field branches. Foreign buyers coming into Germany are also referred to the field branches and to particular German manufacturers so that negotiations may be carried on directly between buyer and seller. When export contracts are arrived at, they are submitted to the relevant Land economics ministry, and from there go to the field branch of the JEIA for approval. These branch offices are authorized to approve contracts up to \$250,000, provided that certain requirements are met, such as the use of important materials in amounts not exceeding 33 per cent of the contract, delivery within 15 months, and the like. Larger contracts, those entailing longer periods of delivery, contracts for processing foreign materials, and those involving the use of specified scarce materials must be referred to the main office for approval.

Imports into Germany are handled on a more centralized basis to obtain the advantage of quantity purchasing and to avoid bidding up prices. An increasing amount of the imports are purchased for stockpiling--that is, purchased on the basis of probable requirements, and in advance of specific production needs. Within the main JEIA office there is a staff of Allied and German negotiators who locate sources of supply in foreign countries and who actually negotiate import commitments. Another method of importing is to license German export producers to undertake direct negotiation to purchase necessary materials and supplies from foreign sellers. The applications for import license are submitted through the Land economics ministries to the field branches of JEIA; licenses involving sums under \$100,000 are approved by the field branches while licenses for larger amounts are sent to the main office for review.

c. Planning, control, and accounting: Supplementing these direct operations are a variety of control and accounting records, which include calculation of the amount of foreign exchange likely to be available during the coming months, its allocation for various uses, and the detailed accounting of proper credits and liabilities that must accompany each export and import. These operations are carried on in close consultation with the Bizonal Economics Department as regards planning, and the Joint Foreign Exchange Agency as regards financial accounting. There is also a considerable amount of planning and consultation involved in developing simplified control and accounting procedures.

BIZONAL BANK

Since the organization of Laender governments, Land Central Banks were organized in both Zones. The same logic that prompted the establishment of these Land Central Banks obviously required the coordination and control of the financial institutions of both Zones. The result was that on 1 March 1948 the Bank Deutscher Laender (BDL) was established in Frankfurt under Military Government Law 60. This is a central bank for the combined zones and is designed to serve as the fiscal agent for the German bizonal organization and to perform clearing functions for all the member banks as well as to provide unified control of currency and credit within the zones and assume operation of foreign exchange and accounting now performed by the Joint Foreign Exchange Agency (JFEA). After currency reform has been effected, it will become a bank of issue.

The BDL is operated by a board of officers who are appointed by and responsible to a Board of Directors. This Board, consisting of a Chairman, the President of the bank and the presidents of each of the member Land central banks, determines the general policies of the BDL which are subject to direction and review by an Allied Banking Commission consisting of the representatives of the two Military Governors.

From the initial capital of RM 100,000,000 which is subscribed by the Land central banks in proportion to their deposits and from required reserve deposits and free deposits left with the BDL by the member central banks, the BDL may make advances to the central banks and to the Bizonal Economic Administration, and may rediscount bills of exchange. In addition, the BDL may buy and sell bizonal treasury bills and fixed interest securities as well as perform other fiscal services. By purchasing and selling bizonal securities in the open market, by determining the interest rate at which it will rediscount and grant loans to the Land central banks, and above all, by its unlimited power to prescribe reserve requirements of individual banks, the BDL is in a position to control the availability of credit to business, individuals, and government authorities in the two Zones. In the future the BDL will also serve as the fiscal agent for JEIA in its promotion and control of German foreign trade, a function which up to now has been performed by the JFEA.

It is clear, then, that the functions of the BDL are very similar to the Federal Reserve Banks in the United States except that the Federal Reserve Banks do not have the power to raise reserve requirements of individual banks without limit, as is the case with the BDL.



**B I S E C R E S T R I C T E D**

5 September 1946

BIB/P(46)5 (Revise)

**PRELIMINARY AGREEMENT ON THE ESTABLISHMENT OF A  
GERMAN ECONOMIC ADMINISTRATION**

Between the Ministers of Economics of the Laender Bavaria, Wuerttemberg-Baden and Greater Hesse for the three Minister Presidents on the one hand, and the Chief of the Central Office for Economics of the British Zone on the other hand, the following Preliminary Agreement on the establishment of a German Economic Administration in the American and the British Zone of Occupation is made until establishment of German economic unity. This Agreement is made with the approval of the Military Governments in the U.S. and British Zones. It is free to the other Zones to join in this Agreement

**ARTICLE 1**

- (1) To realise a joint economic administration

**An Executive Committee for Economics**

is established. Its seat is MINDEN.

- (2) With the cooperation of the parties concluding this Agreement a council may be formed to advise the Executive Committee for Economics.

**ARTICLE 2**

The Executive Committee for Economics consists of the three Ministers of Economics of the three Laender belonging to the U.S. Zone and of three representatives of the British Zone, who, for the time being, will be nominated by British Military Government. An alternate will also be provided for each member.

**ARTICLE 3**

- (1) The Executive Committee for Economics enacts directives valid for all participating Laender and administrative units on the following matters:

1. Basic principles of the general German Economic Law and Economic Penal Law.
2. Foreign Trade (a main department "Foreign Trade" will be established).

(1)



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## Bizonal Organization

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3. Production of goods (Economic Planning and Production Control).
4. Distribution of goods (Control of Sales and Consumption).
5. Internal Trade.
6. Price Formation and Price Control.
7. Industrial Standardisation.
8. Economics Statistics.
9. Production, Allocation and Distribution of Gas, Water and Electricity.

(2) Apart from this the Executive Committee for Economics cooperates with the Joint Committee for Finance in questions of bank and credit policy, as far as they affect Trade and Industry.

### ARTICLE 4

Further duty of the Executive Committee for Economics is:

- (a) to examine law proposals before the Control Council which are referred to it;
- (b) to issue directives for the execution of Control Council Laws and Regulations which are referred to it for this purpose.

### ARTICLE 5

(1) Decisions of the Executive Committee for Economics will be passed by simple majority of the votes cast.

(2) The minority has the right to state its diverging opinion to the Military Governments; in such case no action will be taken without the approval of the Military Governments. The same possibility exists when there is parity of votes.

### ARTICLE 6

(1) The Executive Committee for Economics appoints a Chairman and a Deputy Chairmen. In case a member of the Committee is elected, the agency that nominated him will send a new delegate to the Executive Committee for Economics.

(2) The Chairman and his Deputy may be removed by majority of the Executive Committee for Economics.

(3) Neither the Chairman nor the Deputy Chairmen has a vote.

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## Bizonal Organization

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(4) The Executive Committee for Economics can delegate to the Chairman the necessary executive authority to enable him to exercise his responsibilities. The action of the Committee in this respect will be reported to the Military Governments.

### ARTICLE 7

(1) The Executive Committee for Economics establishes its own by-laws and organises its own administrative agency.

(2) It appoints the leading officials (department chiefs and section-chiefs) affording as far as possible fair representation to the area at large.

(3) The other officials and employees are appointed by the Chairman after having conferred with the Executive Committee for Economics.

(4) The personnel of the joint economic administration is supervised by the Chairmen.

### ARTICLE 8

All publications of the joint administration will be made as those of the Executive Committee for Economics.

### ARTICLE 9

(1) The Laender are obliged to carry out the decisions of the Executive Committee for Economics. The execution of the decisions is made by the various Economics Administrative Offices of the Laender in the U.S. Zone and the corresponding agencies in the British Zone.

(2) Laws and Legal Orders will be issued by the Laender in the U.S. Zone and by such methods as may be prescribed in the British Zone.

(3) The Executive Committee for Economics controls the execution of its decisions and regulations through its administrative agency.

### ARTICLE 10

(1) Within the limits of its powers the Executive Committee for Economics deals directly with the highest Economic Authorities of the Laender participating and of Administrative Units.

(2) It has the right to establish control agencies to check on the execution of its decisions. These have no right to give instructions of their own.

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## Bizonal Organization

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The regulation on the duty to give information of 13 July 1923 (RGBL. I, S.723) is to be applied in carrying out its right of control.

(3) The check reports have to be submitted to the Executive Committee for Economics, which will decide on the reports and on the measures deemed necessary.

### ARTICLE 11

(1) The Cheirman will submit the administrative budget plan and table of organization before the beginning of each budget year and will submit accounts at the latest three months after the end of the budget year.

(2) Pending general decisions on the financing of Central German Agencies, the cost of the administration will be borne equally by the British and U.S. Zone.

### ARTICLE 12

The Central Office for Economics in the British Zone and the Economics Council of the Laenderret will remain in operation until a joint Economics Administration will be able to act.

AGREEMENT FOR REORGANIZATION OF BIZONAL ECONOMIC AGENCIES**PREAMBLE**

Pending the creation of administrative and governmental institutions for Germany as a whole, and in order to facilitate the solution of pressing economic problems and the reconstruction of economic life by popularly controlled German agencies operating under broad responsibilities, the Military Governments of the British and U.S. Zones have agreed to a bizonal reorganization for the purpose only of a more complete economic integration under the following plan, which will be implemented by Military Government Proclamation or Military Government Ordinance published simultaneously in the two Zones.

**GENERAL PRINCIPLES**

1. A body known as the Economic Council shall be selected by the Landtage of the various Laender.
2. A full-time coordinating and executive body known as the Executive Committee shall also be established. Its functions and relationships to the Economic Council are defined below.
3. The administration of the several bizonal departments shall be entrusted to Executive Directors responsible to the Economic Council and under the immediate supervision of the Executive Committee as defined below.
4. Maximum responsibility for the conduct of bizonal functions shall be delegated by Military Government to German agencies with due regard to the principle of decentralization of administration.
5. Decisions of the Economic Council and the Executive Committee shall be taken by majority vote.

**ORGANIZATION AND FUNCTIONS****1. Economic Council****a. Composition--Representatives numbering about 54 to be chosen:**

- (1) By the Landtage and if members thereof to resign;
- (2) One for each 750,000 population or part thereof in excess of 375,000, but not less than one per Land;
- (3) In proportion to the division of political opinion in the Land as shown by the popular vote in the most recent Land-wide elections.

**b. Functions:**

- (1) To direct the permissible economic reconstruction of the two Zones subject to the approval of the Bipartite Board;
- (2) To adopt and promulgate ordinances on the administration of railways, maritime ports and coastal shipping, inland water

transport, inter-Land inland waterways (BIB/P(46)7(Final)) and communications and postal services (BIB/P(46)6(Revise)); to adopt and promulgate ordinances dealing with matters of general policy affecting more than one Land with respect to Inter-Land highways and highway transport (BIB/P(46)7(Final)); production, allocation and distribution of goods, raw materials, gas, water and electricity (BIB/P(46)5(Revise)); foreign and internal trade (BIB/P(46)5(Revise)); price formation and price control (BIB/P(46)5(Revise)); production, importation, collection, allocation, and distribution of food (BIB/P(46)8(Final)); public finance, currency, credit, banking and property control (BIB/P(46)4(Final)); and civil service management of bizonal department personnel (Appendix "A" to BICIV/M(47)4); and such other functions as may from time to time be determined by the Bipartite Board. Such ordinances are subject to the approval of the Bipartite Board. The approval of the Board to each ordinance shall be indicated by an indorsement stating that it has received such approval under the terms of Article I(2) of the Military Government Proclamation or Military Government Ordinance by which the Council is given its powers. Except where these Economic Council ordinances with Bipartite Board approval specifically reserve to the Economic Council or delegate to the Executive Committee or Executive Directors the power to issue implementing regulations pursuant to the ordinances, the Laender shall promptly implement the ordinances;

- (3) To adopt and promulgate, subject to approval as set forth in Para. (2) above, ordinances allocating to the Economic Council, the Executive Committee, or the Executive Directors, the power to issue implementing regulations under specific existing legislation which is within the fields referred to in Para. (2) above;
- (4) To delegate such of its powers as may be deemed appropriate to the Executive Committee, except for the power to adopt and promulgate ordinances set forth in Para. (2) above and the power of appointment set forth in Para. (5) below;
- (5) To appoint, from nominations made by the Executive Committee, and to remove, upon its own motion, the Executive Director. To define the functions of the Executive Directors and their relations to the Economic Council, the Executive Committee and the Laender;
- (6) To consider and pass the annual estimates of revenue and expenditure of the Council and of its departments.

## 2. Executive Committee

a. Composition--One representative from each Land appointed by the Land Government who will serve on a full-time basis. Members of the Executive Committee shall attend all meetings of the Economic Council as non-voting members.

### b. Functions:

- (1) To propose and make recommendations on ordinances for adoption by the Economic Council;
- (2) To issue implementing regulations within the scope of the authority delegated to the Executive Committee by the Economic Council;
- (3) To coordinate and supervise the execution of ordinances and implementing regulations by the Executive Directors, in accordance with the policies adopted by the Economic Council.



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## Bizonal Organization

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### 3. Executive Directors

a. Selection--Each bizonal department will be headed by an Executive Director selected from nominations by the Executive Committee and appointed and removed by the Economic Council. The Directors will operate under the immediate supervision of the Executive Committee, but will have general responsibility to the Economic Council.

b. Functions--In accordance with the policies adopted by the Economic Council and under the supervision of the Executive Committee:

- (1) The Executive Directors will direct the operation of their respective departments;
- (2) The Executive Directors may issue implementing regulations;
- (3) The Executive Directors shall be the Chief accounting officers for their own departments and, subject to such instructions and such central financial controls as may be approved by the Economic Council, the financial and accounting operations of the agencies shall be under their general management and supervision.

### DECENTRALIZATION OF ADMINISTRATION

In accordance with the principle of decentralization of administration, maximum use will be made of Land Governments in the performance of bizonal functions and in the issuance of appropriate orders and instructions carrying out the ordinances of the Economic Council as supplemented by the implementing regulations.

Except for those functions which are not under Land administration but which are under the direct administration of bizonal offices in accordance with approved ordinances of the Economic Council, the ordinances of the Economic Council as supplemented by the implementing regulations are binding upon the Laender and must be promptly executed by them.

### TRANSITIONAL PROVISIONS

The abolition of the Bizonal Executive/Joint Committees and the transfer of their functions in whole or in part to the Economic Council, Executive Committee and Executive Directors will be effected by an ordinance adopted by the Economic Council and approved by the Bipartite Board. Until the effective date of this ordinance, the Bizonal Executive/Joint Committees shall continue to function as before. During the interim period they shall exercise their present powers as supplemented by those set forth in the proposed Ordinance relating to Production, Allocation and Distribution of Goods and Raw Materials, and any other ordinance which may be approved by the Bipartite Board.

### RELATIONSHIPS OF BIZONAL ORGANIZATIONS TO MILITARY GOVERNMENT

The German administrative organization set forth above shall be controlled by joint Military Government agencies which shall be given the following titles and functions:

#### a. Bipartite Board

- (1) Consisting of the Military Governors or Deputy Military Governors of CCG (BE) and OMGUS;

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## Bizonal Organization

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- (2) Will review and approve ordinances and decisions of the Economic Council; issue instructions to the Economic Council and the Executive Committee and exercise overall control of the operations of the entire administrative organization.

b. Bipartite Control Office

- (1) Consisting of one British and one U.S. Chairman and the members of the several Bipartite functional panels noted below;
- (2) Will represent the Bipartite Board in the conduct of day-to-day administrative control of the Executive Committee and, through it, the Executive Directors;
- (3) Will maintain a joint secretariat and liaison staff as the channel of communication between Military Government and the Economic Council and its subordinate agencies.

c. Bipartite Panels

- (1) Consisting of U.S. and British representatives for each of the present or subsequently created functions;
- (2) Will observe and review and, through the Bipartite Control Office, exercise control of the operation of their respective departments.

/s/

Lieutenant General Sir Brian Robertson  
Deputy Military Governor  
Control Commission for Germany  
(British Element)

/s/

General Lucius D. Clay  
Military Governor  
Office of Military Government for Germany (United States)

DATED: 29 MAY 1947

MILITARY GOVERNMENT - GERMANYUNITED STATES AREA OF CONTROLPROCLAMATION NO 7BIZONAL ECONOMIC ADMINISTRATION

To the German people in the United States Zone, including Land Bremen;

WHEREAS the Military Governors and Commanders-in-Chief of the United States and British Zones have agreed, in order to improve the Bizonal organization set up by the Agreement of 29th May 1947 published as Appendix "A" to Military Government Proclamation No 5, to modify the provisions of that Agreement;

AND WHEREAS British Military Government is promulgating Ordinance No 126 in order to give effect to the modified Agreement;

NOW THEREFORE, I, General Lucius D. Clay, Commander-in-Chief, European Command and Military Governor for Germany (US) do hereby proclaim as follows:

ARTICLE ICOMPOSITION OF THE BIZONAL ECONOMIC ADMINISTRATION

The reconstituted Bizonal Economic Administration shall consist of the following:

- (1) An Economic Council;
- (2) A Laenderrat;
- (3) An Executive Committee;
- (4) Certain additional agencies.

ARTICLE IICOMPOSITION OF THE ECONOMIC COUNCIL

1. The Economic Council as reconstituted shall be composed as follows:

- (1) The 52 members of the present Economic Council;
- (2) An additional 52 members to be elected by the Landtage on the same basis of one for each 750,000 population or part thereof in excess of 375,000, but not less than one per Land and in proportion to the division of political opinion as agreed by each Landtag when the original 52 members were elected.

2. A member of a Landtag or of a Land Cabinet who accepts election to the Economic Council must resign his Landtag or Land Cabinet seat.

3. A member of the Economic Council shall hold office for a term coterminous with the life of the Landtag which elected him, and until his successor has been elected.

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# Bizonal Organization

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## ARTICLE III

### FUNCTIONS OF THE ECONOMIC COUNCIL

The Economic Council shall, within the United States Zone, have the following powers:

- (1) To adopt and enact ordinances on: The administration of railways, maritime ports and coastal shipping, inland water transport, inter-Land inland waterways; patents, copyrights and trademarks; communications (except radio broadcasting) and postal services; customs and such excise taxes as the Economic Council may determine; management of Bizonal civil service personnel other than the staff of the Laenderrat;
- (2) To adopt and enact ordinances dealing with matters of general policy affecting more than one Land with respect to inter-Land highways and highway transport; production, allocation, collection, storage and distribution of goods, raw materials, gas, water and electricity; foreign and internal trade; price formation, price control and price subsidies; production, importation, collection, allocation, storage and distribution of food; establishment of priorities of demand for labor; non-governmental economic organizations extending beyond the jurisdiction of one Land; statistics;
- (3) To adopt and enact ordinances regulating bizonal finance by:
  - (a) Adopting annual budgets for the Bizonal Economic Administration, Bizonal agencies, and affiliated activities which are or may be authorized, provided that all expenditures authorized in such budgets shall be balanced by revenues obtainable from sources specified in (c) below;
  - (b) Providing for the review, regulation and audit of the budgeted revenues and expenditures of the Bizonal Economic Administration and of other Bizonal agencies;
  - (c) Providing funds necessary to meet authorized Bizonal obligations and expenditures from the following sources:
    - (i) Revenues derived from customs, excise taxes, postal services, railways, transportation tax, and from public corporations subject to Bizonal control;
    - (ii) A percentage, to be fixed by an ordinance of the Economic Council and Laenderrat, of the sums derived from income, wage and corporation taxes; the method of collection to be determined by the said ordinance;
    - (iii) Borrowing on the security of the revenues of the Bizonal Economic Administration;
- (4) With the specific authorization of the Bipartite Board, to adopt and enact ordinances establishing such Bizonal Courts of First Instance as may appear expedient, and defining their jurisdiction; such Courts to be subject to the appellate jurisdiction of the Bizonal High Court established by Military Government Proclamation No 8; and to establish a Prosecutions Department at the seats of such Courts; provided that the jurisdiction of any such Court shall not exceed that defined in Military Government Proclamation No 8 and shall in no way affect the exclusive original jurisdiction of the said Bizonal High Court;



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## Bizonal Organization

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- (5) To adopt and enact ordinances on such other matters as may be determined from time to time by the Bipertite Board;
- (6) To delegate, in the ordinances above mentioned, to the Chairman or the members of the Executive Committee or to the Laender the power to issue implementing regulations thereunder, and to adopt and enact ordinances delegating to the Chairman or the members of the Executive Committee or to the Laender the power to issue implementing regulations under existing Reich legislation within the fields specified in this Article, provided that the powers herein referred to may be exercised only under ordinances or Reich legislation which contain adequate expression of legislative policy and intent; and further provided that if such power is delegated to the Laender, the Land government or any agency designated by it shall issue such regulations;
- (7) To elect, subject to confirmation by the Laenderrat, the Chairman of the Executive Committee; to elect the members of the Executive Committee; and by ordinance to define the functions of the members of the Executive Committee and their relations to the Economic Council and the Laenderrat;
- (8) To require the attendance of the Chairman or any member of the Executive Committee at its sessions;
- (9) By an absolute majority to override a Laenderrat veto referred to in Article V (2), and by a simple majority to pass, amend or reject legislation initiated or amended by the Laenderrat;
- (10) Where necessary in the judgment of the Economic Council and when specifically authorized by the Bipertite Board, to adopt and enact ordinances establishing field reporting, inspecting and enforcing agencies for the purpose of ensuring the due execution of Bizonal ordinances and implementing regulations.

### ARTICLE IV

#### COMPOSITION OF THE LAENDERRAT

The Laenderrat shall be composed of two representatives from each Land, one of whom may be the Minister President, to be appointed by the Land Government. Such representatives shall hold office for a term coterminous with the life of the Land Government which has appointed them, and until their successors are appointed.

### ARTICLE V

#### FUNCTIONS OF THE LAENDERRAT

The Laenderrat shall, within the United States Zone, have the following powers:

- (1) To initiate legislation on any matter within the competence of the Economic Council other than in respect of taxation or the appropriation of funds;
- (2) To approve, amend or veto by simple majority any legislative measure adopted by the Economic Council which has not previously been approved, in identical form, by the Laenderrat; provided that such action shall be taken within 14 days of the receipt of such legislative measure and once only in respect of any particular reference to the Laenderrat; and further provided that, if no such action has been taken by the Laenderrat within 14 days, the legislative measure shall be deemed to have been approved;

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## Bizonal Organization

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- (3) To confirm the appointment of the Chairman of the Executive Committee;
- (4) To require the attendance of the Chairman or any member of the Executive Committee at its sessions.

### ARTICLE VI

#### COMPOSITION OF THE EXECUTIVE COMMITTEE

1. The Executive Committee shall be composed as follows:

- (1) A Chairman and coordinator without departmental responsibilities who shall be elected by the Economic Council, subject to confirmation by the Laenderrat as provided herein, and to approval by the Bipartite Board;
- (2) Directors of the Bizonal departments who shall be elected by the Economic Council as herein provided, subject to approval by the Bipartite Board; each director shall be elected without reference to civil service qualification, and shall have a deputy who shall be a qualified civil servant.

2. (1) The Chairman may not be removed from office except by a vote of no confidence by the Economic Council which has been confirmed by the Laenderrat and approved by the Bipartite Board.

(2) A director may not be removed from office except by a vote of no confidence by the Economic Council approved by the Bipartite Board.

### ARTICLE VII

#### FUNCTIONS OF THE EXECUTIVE COMMITTEE

1. The Chairman shall direct and coordinate the activities of the members of the Executive Committee in the administration of their respective functions, including the issue of implementing regulations under existing and future Bizonal legislation.

2. The Chairman and members of the Executive Committee shall be individually responsible to the Economic Council for executing and administering the legislation enacted, and the policies laid down by the Economic Council and Laenderrat.

3. The Chairman or members of the Executive Committee may propose legislation to the Economic Council and Laenderrat.

4. The Chairman or members of the Executive Committee may, to the extent provided for in Bizonal legislation, issue implementing regulations.

5. The Chairman and the members of the Executive Committee shall have the right to be heard by the Economic Council and the Laenderrat.

### ARTICLE VIII

#### ADDITIONAL AGENCIES

The Economic Council shall establish the following additional agencies:

- (1) A Personnel Office for the Bizonal Economic Administration;
- (2) A Statistical Office;
- (3) An Office of Legislative Counsel.

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## Bizonal Organization

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The heads of these agencies shall not be members of the Executive Committee but shall be responsible to its Chairman.

### ARTICLE IX

#### EFFECT AND ENFORCEMENT OF ECONOMIC COUNCIL LEGISLATION

1. Ordinances of the Economic Council and Laenderrat and implementing regulations issued thereunder shall override any German legislation inconsistent therewith.

2. Such ordinances and implementing regulations shall be binding upon all the Laender in the United States Zone and all persons therein. Except as otherwise expressly provided by an ordinance enacted pursuant to Article III (4), cases arising out of such ordinances and implementing regulations shall be triable in the Land courts.

### ARTICLE X

#### GENERAL PRINCIPLES

1. All ordinances of the Economic Council and Laenderrat shall be subject to the approval of the Bipartite Board.

2. Where an ordinance provides for implementation by the Laender, it shall be the duty of the Land Governments to give immediate effect to such a provision.

3. Wherever practicable, the Bizonal Economic Administration shall make the maximum use of Land administrative authorities in the performance of Bizonal functions.

4. Except in so far as such duties may be delegated to any agencies set up under Article III (10) of this Proclamation, it shall be the responsibility of the Land Governments immediately to execute and carry out the provisions of any Bizonal ordinance or implementing regulation.

### ARTICLE XI

#### PROMULGATION OF BIZONAL LEGISLATION

All legislative measures enacted by the Economic Council and Laenderrat must bear a statement of the final procedural action taken thereon by the Economic Council and the Laenderrat. They must bear the signature of the presiding officer of the Economic Council, who shall promulgate them.

### ARTICLE XII

#### LEGAL STATUS OF THE BIZONAL ECONOMIC ADMINISTRATION

1. The Bizonal Economic Administration shall be capable of having rights and obligations (rechtsfaehig). It may sue and be sued in its own name, subject to limitations which may be imposed by ordinance of the Economic Council and Laenderrat.

2. The Bizonal Economic Administration is hereby declared the successor (Rechtsnachfolger) to all property rights and to all obligations of the present Economic Council and the agencies thereunder.

# Bizonal Organization

## ARTICLE XIII

### TRANSITIONAL PROVISIONS

1. Within fifteen (15) days of the coming into effect of this Proclamation:
  - (1) The additional 52 members of the Economic Council shall be elected;
  - (2) The members of the Laenderrat shall be appointed; and
  - (3) The Economic Council and the Laenderrat shall meet and assume their functions.
2. The Chairman of the Executive Committee shall be designated within seven (7) days after the Economic Council and the Laenderrat assume their functions.
3. The ordinances of the present Economic Council and the implementing regulations issued thereunder shall remain in force unless amended or repealed by Bizonal legislation.
4. The present Economic Council and the Executive Committee shall continue to exercise their powers under Military Government Proclamation No 5 until the new Economic Council and the Laenderrat have been established.
5. The present Executive Directors shall continue to exercise their powers under Military Government Proclamation No 5 until the Executive Committee has been established.
6. Until otherwise provided by the Economic Council and Laenderrat, the Chairman of the Executive Committee or a member designated by him shall be authorized to issue implementing regulations under Economic Council ordinances authorizing the Executive Committee or one of the Executive Directors to issue such regulations.

## ARTICLE XIV

### REPEAL AND SAVING

Subject to paragraphs 3 thru 6 of Article XIII, Military Government Proclamations No 5 and 6 are hereby repealed.

## ARTICLE XV

### EFFECTIVE DATE

This Proclamation shall come into force on 9 February 1948.

LUCIUS D. CLAY  
General, US Army  
Commander-in-Chief  
European Command and  
Military Governor for Germany (US)



MILITARY GOVERNMENT - GERMANYUNITED STATES AREA OF CONTROLPROCLAMATION NO 8ESTABLISHMENT OF A GERMAN HIGH COURT FOR THE COMBINED ECONOMIC AREA

To the German people in the United States Zone, including Land Bremen:

WHEREAS it is necessary to make provision to facilitate the uniform application, interpretation and enforcement of legislation enacted by or under the authority of the Bizonal Economic Administration and otherwise to implement Military Government Proclamation No 7, and

WHEREAS the Military Governors and Commanders-in-Chief of the United States and British Zones have agreed to establish a German High Court for this purpose, and

WHEREAS British Military Government is promulgating Ordinance No. 127 for the British Zone in order to give effect to this agreement,

NOW, THEREFORE, I, General Lucius D. Clay, Commander-in-Chief, European Command, and Military Governor for Germany (US), do hereby proclaim as follows:

ARTICLE IESTABLISHMENT OF A GERMAN HIGH COURT FOR THE COMBINED ECONOMIC AREA

A German High Court for the combined economic area (Obergericht fuer das vereinigte Wirtschaftsgebiet), hereinafter referred to as the High Court, is hereby established with its seat at Cologne.

ARTICLE IICOMPOSITION

1. The High Court shall be composed of ten members, consisting of a Chief Justice (Praesident), a Deputy Chief Justice (Vizepraesident) and eight Associate Justices (Obergerichtsraeete).

2. The number of the divisions (Senate) of the High Court shall be determined in the rules of the High Court issued under paragraph 2 of Article XIV.

3. A quorum of five justices shall be necessary at every oral hearing by the High Court.

4. An Office of the Solicitor General (Generalanwaltschaft) and a Registry (Geschaeftsstelle) shall be established at the High Court.

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# Bizonal Organization

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## ARTICLE III

### APPOINTMENT

1. The Chief Justice, Deputy Chief Justice, Associate Justices and the Solicitor General and his Deputies (Steilvertretende Generalanwaelte) shall be appointed by the Military Governors of the United States and British Zones.

2. Within seven days after assuming their functions, the Economic Council, as reconstituted under Military Government Proclamation No. 7, and the Laender-rat shall jointly submit a list of 25 names for consideration by the Military Governors in making the appointments mentioned in paragraph 1 of this Article. Only professions of law at a university or persons qualified for the office of judge of the ordinary or administrative courts and who have attained the age of 35 years shall be included in the list.

3. The Chief Justice shall exercise administrative supervision (Dienstaufsicht). He shall also be the appointing authority (Anstellungs-behoerde) for the non-judicial officials and employees of the High Court.

4. The Solicitor General shall exercise the same powers of administrative supervision with respect to the officials and employees of his office, and shall also be the appointing authority with respect to all officials and employees other than his Deputies.

## ARTICLE IV

### INDEPENDENCE OF THE HIGH COURT

The Chief Justice, Deputy Chief Justice and Associate Justices shall be independent from executive control when exercising their functions and owe obedience only to the law. They shall not be members of the Economic Council or Laenderrat or Executive Committee or of any Land government, legislature or court.

## ARTICLE V

### ORIGINAL JURISDICTION

The High Court shall have exclusive original jurisdiction to hear and decide the following suits:

- (1) Suits between the Bizonal Economic Administration and a Land or between two or more Laender involving the application or interpretation of any ordinance of the Bizonal Economic Administration (which term, as used herein, shall include ordinances of the Economic Council as constituted under Military Government Proclamation No 5) or the validity, application or interpretation of any implementing regulations issued thereunder, including such implementing legislation issued by any of the Laender;

- (2) Suits by the Bizonal Economic Administration against a Land in which it is contended that any Land legislation or implementing regulation issued thereunder is inconsistent with any ordinance of the Bizonal Economic Administration or implementing regulation issued thereunder, or is ultra vires by reason of powers vested in the Bizonal Economic Administration.

#### ARTICLE VI

##### APPELLATE JURISDICTION

1. The High Court shall have jurisdiction to hear and decide appeals on points of law (Revision) from decisions of German courts no longer subject to any other appeal (Rechtsmittel) which involve any of the questions referred to in Article V, or the application or interpretation of Military Government legislation which establishes any German financial or economic institution exercising powers throughout the combined economic area or of any implementing regulations issued under such legislation, provided that leave to file an appeal has been granted by the court.

2. The court whose decision is contested shall grant such leave where its decision involves the determination of a question of law of fundamental importance for the economic unity of the combined economic area. The High Court, however, may dismiss the appeal, without oral hearing, if it is of the opinion that no such question is involved.

3. Without prejudice to the finality (Rechtskraft) of the decision of a German court otherwise no longer appealable, its decision refusing leave to appeal to the High Court shall be subject to "sofortige Beschwerde" to that Court. The "sofortige Beschwerde" shall be filed with the court whose decision is contested. The High Court shall allow the "sofortige Beschwerde" if in its opinion a question of law of fundamental importance for the economic unity of the combined economic area is involved.

4. The grant of leave to appeal by the High Court shall have the effect of a restitutio in integrum in respect to the failure to file the appeal within the prescribed period.

5. The powers of review of the High Court shall be limited to the questions referred to in paragraph 1 of this Article.

#### ARTICLE VII

##### DETERMINATION OF INVALIDITY OF IMPLEMENTING REGULATIONS

If the validity of any implementing regulation issued pursuant to any ordinances of the Bizonal Economic Administration becomes pertinent to the decision of any German court and the court finds such regulation to be invalid, then in such case the court shall, prior to rendering its final judgment, submit the question of invalidity to the High Court for its determination. The High Court shall decide after hearing the parties to the case.

ARTICLE VIII

DECISION OF THE FULL COURT

1. When a division of the High Court wishes to deviate, with respect to a question of law, from the decision of another division thereof or from a decision of the Full Court, the question of law shall be decided by the Full Court. The Full Court shall give its decision on the question of law only and may do so without an oral hearing.
2. A division may, in any case submitted to it, obtain a decision of the Full Court regarding a question of law of fundamental importance for the further development of the law or the economic unity of the combined economic area.
3. A decision of the Full Court requires the presence of more than two-thirds of all the members of the High Court including the Chief Justice.

ARTICLE IX

BINDING EFFECT OF DECISIONS OF THE HIGH COURT

1. Any decision on a question of law made by the High Court pursuant to Article V shall be published in the Legal Gazette of the Bizonal Economic Administration.
2. The High Court shall, after hearing the Solicitor General, insert in the operative part of its judgment (Urteilsformel) its decision on the point of law determined by it pursuant to paragraph 1, Article VI. This decision shall be published in accordance with the provisions of paragraph 1 of this Article.
3. Any decision of the High Court published pursuant to paragraph 1 or 2 of this Article shall be binding upon all other German courts and authorities.

ARTICLE X

PROCEDURE

1. Subject to the provisions of this Proclamation and any implementing legislation or rule of the High Court issued thereunder:
  - (a) The provisions of the Code of Civil Procedure in the version of 8 November 1933 (RGBl. I 821) regulating the proceedings before the Landgerichte as courts of first instance shall, as far as practicable, govern the proceedings of the High Court in the exercise of its original jurisdiction;
  - (b) Sections 548 to 566a of the Code of Civil Procedure in the version of 8 November 1933 (RGBl. I 821) shall, as far as practicable, govern the proceedings of the High Court in the exercise of its appellate jurisdiction in civil cases, and
  - (c) Sections 336 to 358 of the Code of Criminal Procedure in the version of 22 March 1924 (RGBl. I 299, 322) shall, as far as practicable, govern the proceedings of the High Court in the exercise of its appellate jurisdiction in criminal cases.



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## Bizonal Organization

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2. The procedure of the High Court in the exercise of its appellate jurisdiction over courts other than ordinary courts, such as administrative and finance courts, shall be defined by the rules of the High Court made pursuant to paragraph 2, Article XIV.

3. The courts and other authorities in the combined economic area shall give the High Court such information and assistance (Rechtshilfe) as it may require.

### ARTICLE XI

#### OFFICE OF SOLICITOR GENERAL (GENERALANWALTSCHAFT)

1. The Office of the Solicitor General shall consist of the Solicitor General (Generalanwalt) and one or more Deputies (Stellvertretende Generalanwälte), who shall carry out such instructions as they may receive from the Solicitor General.

2. In addition to any other function conferred upon the Solicitor General by other Military Government legislation or by any ordinance of the Bizonal Economic Administration approved by the Bipartite Board, the Solicitor General:

- (a) Shall represent the Bizonal Economic Administration or any other Bizonal agency in cases within the original jurisdiction of the High Court;
- (b) May intervene in any case pending before the High Court in its appellate jurisdiction under Article VI; and
- (c) May intervene in any case pending in any German court in the combined economic area involving any of the questions referred to in Article V for the purpose of obtaining leave to appeal to the High Court as provided in Article VI.

### ARTICLE XII

#### LEGAL PRACTITIONERS (RECHTSANWÄLTE)

The High Court shall make rules pursuant to paragraph 2, Article XIV, governing the admission of legal practitioners before it, provided, however, that in civil cases any practitioner entitled to practice before an Oberlandesgericht or higher German court in the combined economic area, and in criminal cases any practitioner entitled to practice before any German court in the combined economic area, shall be entitled to represent parties before the High Court.

### ARTICLE XIII

#### BUDGET

1. The initial and annual cost of the High Court shall be a charge on the Bizonal budget.

2. The basic salaries of the members of the High Court and of the Office of the Solicitor General shall be as follows:

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# Bizonal Organization

Chief Justice (Praesident)	as under salary group 3a	of the Civil Service Classi- fication Regula- tions B in the version of 30 March 1943 (RGBL. I 189)
Deputy Chief Justice (Vizepraesident)	as under salary group 4	"
Associate Justice (Obergerichtsrat)	as under salary group 7a	"
Solicitor General (Generalanwalt)	as under salary group 5	"
Deputy Solicitor General (Stellvertretender Generalanwalt)	as under salary group 7a	"

## ARTICLE XIV

### IMPLEMENTATION

1. Regulations may be issued from time to time by or under the authority of the Military Governors of the United States and British Zones to implement this Proclamation.

2. The High Court shall make rules providing for the transaction of its business (Geschäftsordnung). It may also make rules prescribing the practice and procedure of the High Court and in particular may prescribe the court fees to be charged and fees and allowances to be paid to legal practitioners and other persons attending the sittings of the High Court. Rules so made shall supersede any conflicting provisions of existing German law.

3. Rules of the High Court made under paragraph 2 of this Article shall be published in the Legal Gazette of the Bizonal Economic Administration.

## ARTICLE XV

### LIMITATIONS ON JURISDICTION

Nothing in this Proclamation shall be deemed to detract from or to limit the provisions of Military Government Law No 2 (as amended or hereafter amended) or to empower any German court to declare invalid any ordinance of the Bizonal Economic Administration approved by the Bipartite Board.

## ARTICLE XVI

### CONCLUDING PROVISIONS

Subject to this Proclamation and any implementing legislation or rules of the High Court issued thereunder, the provisions of the Gerichtsverfassungsgesetz in its version of 22 March 1924 (RGL. I 299) shall apply mutatis mutandis.

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ARTICLE XVII

EFFECTIVE DATE

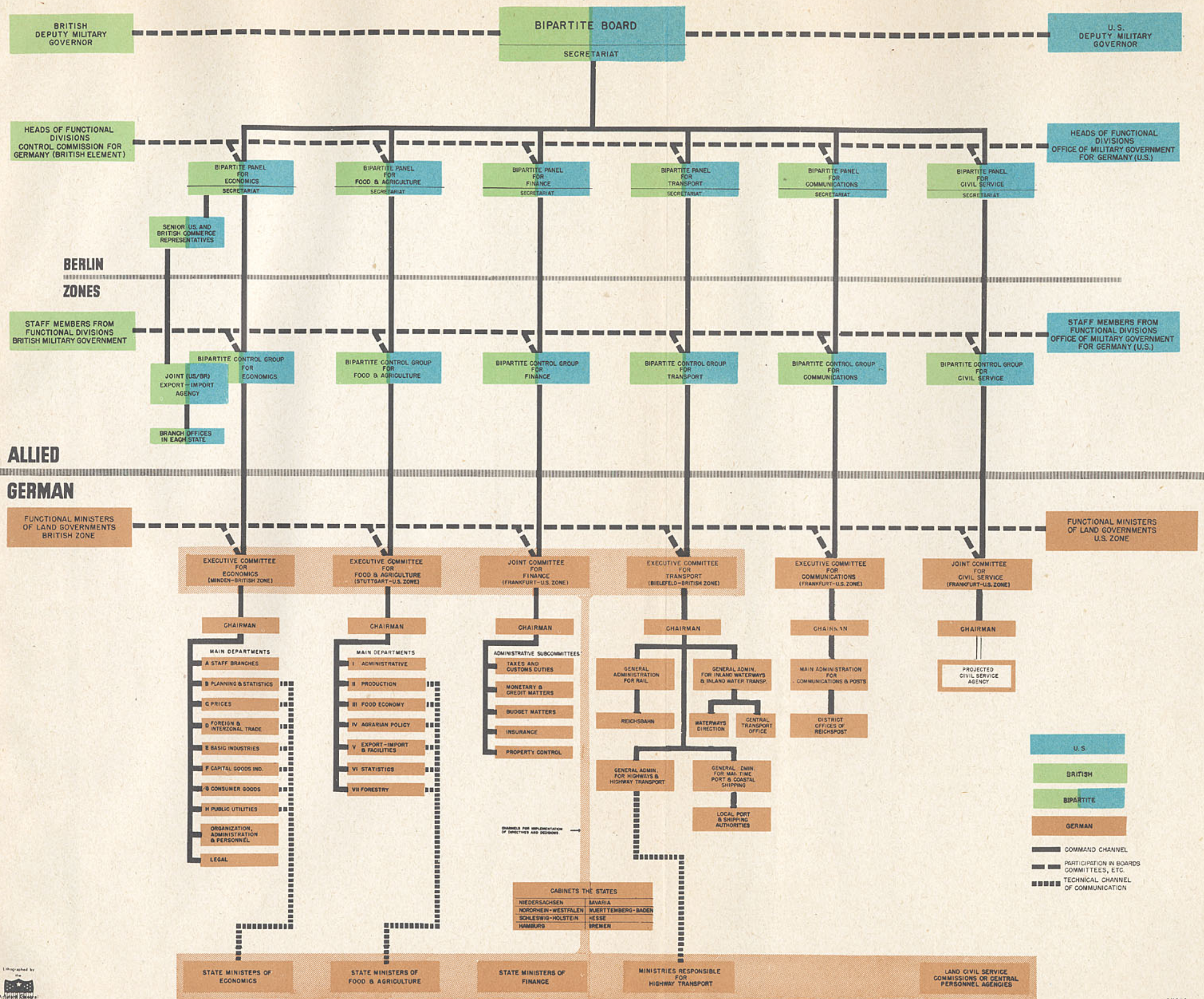
This Proclamation shall become effective on 9 February 1948.

LUCIUS D. CLAY  
General, US Army,  
Commander-in-Chief  
European Command and  
Military Governor for Germany (US)

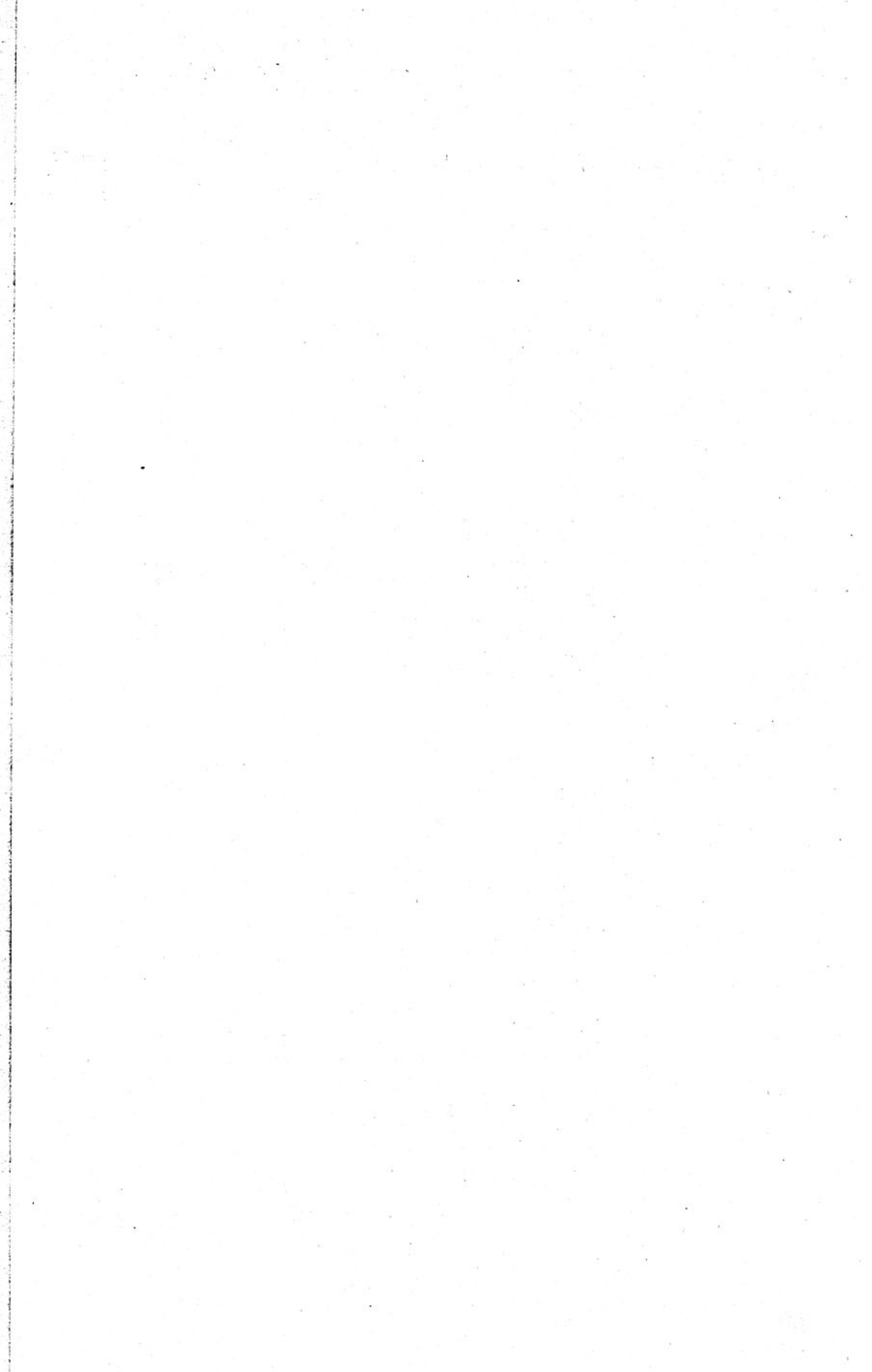




# CHART OF BIZONAL ORGANIZATION







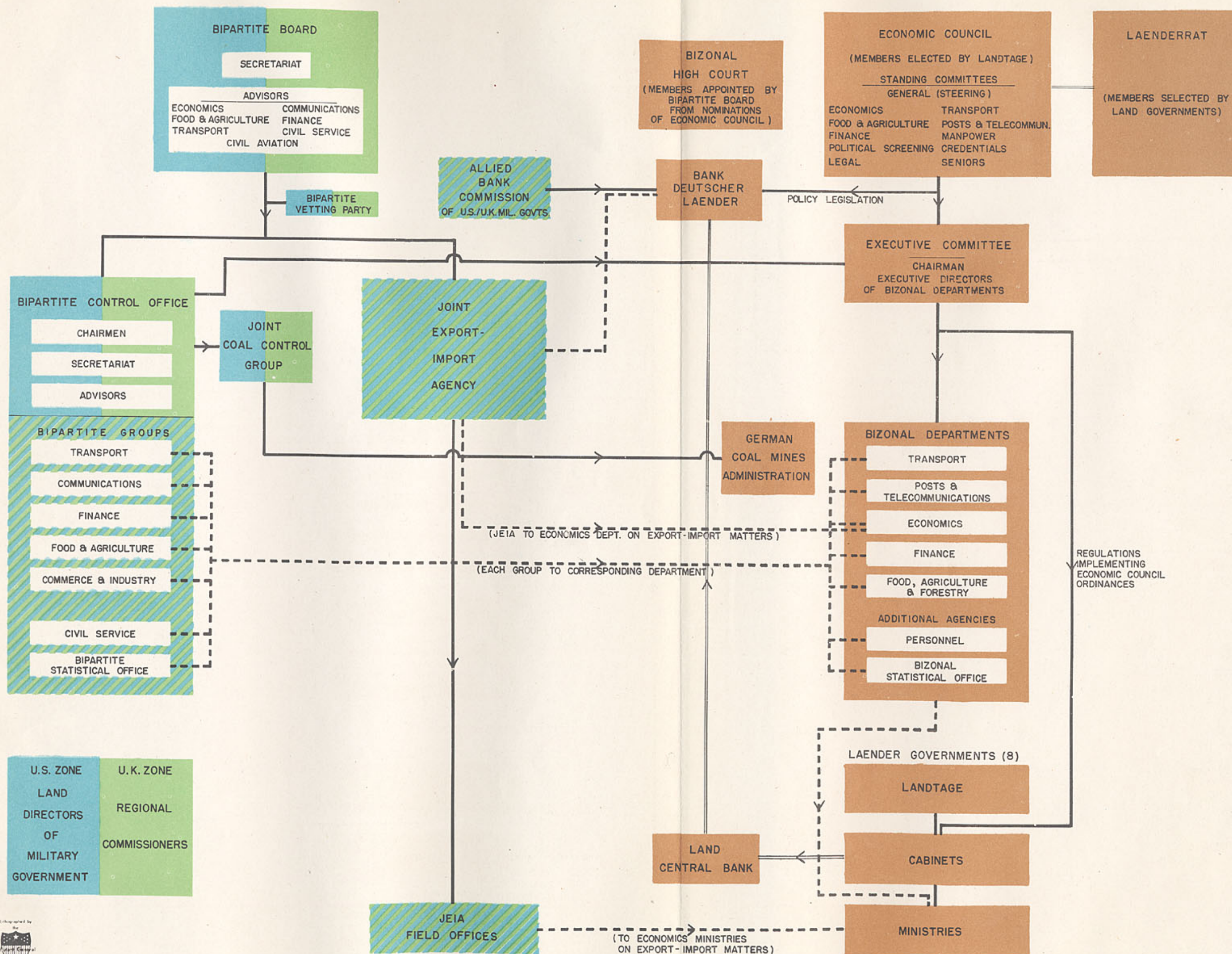
# ECONOMIC STRUCTURE FOR THE COMBINED U.S./U.K. ZONES

AS OF 1 MARCH 1948

— COMMAND CHANNEL  
 - - - FUNCTIONAL CHANNEL  
 = = = ORGANIC RELATIONSHIP

## BIPARTITE ORGANIZATION U.S./U.K. AGENCIES

## BIZONAL ORGANIZATION GERMAN AGENCIES















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